



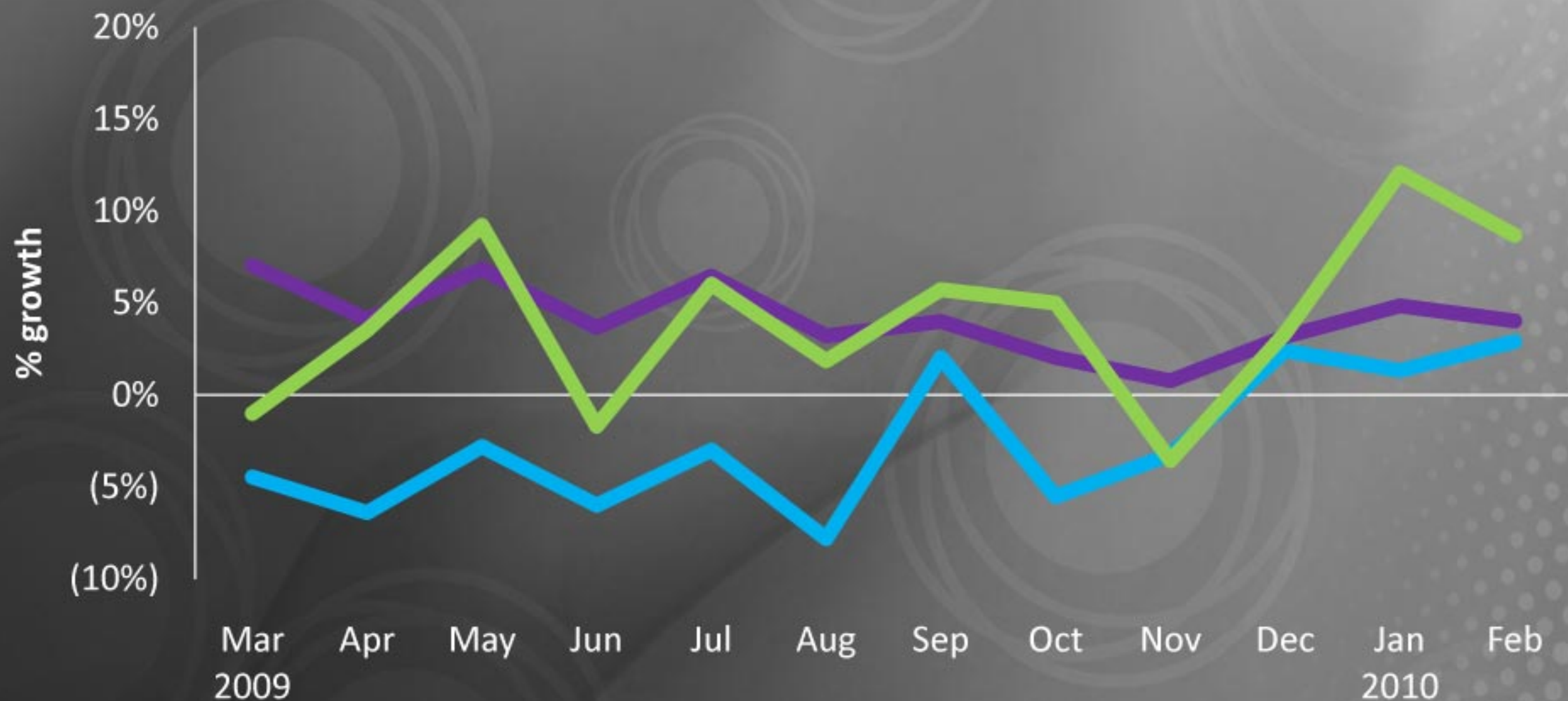
# Mr Price Group Limited

Annual Results - March 2010





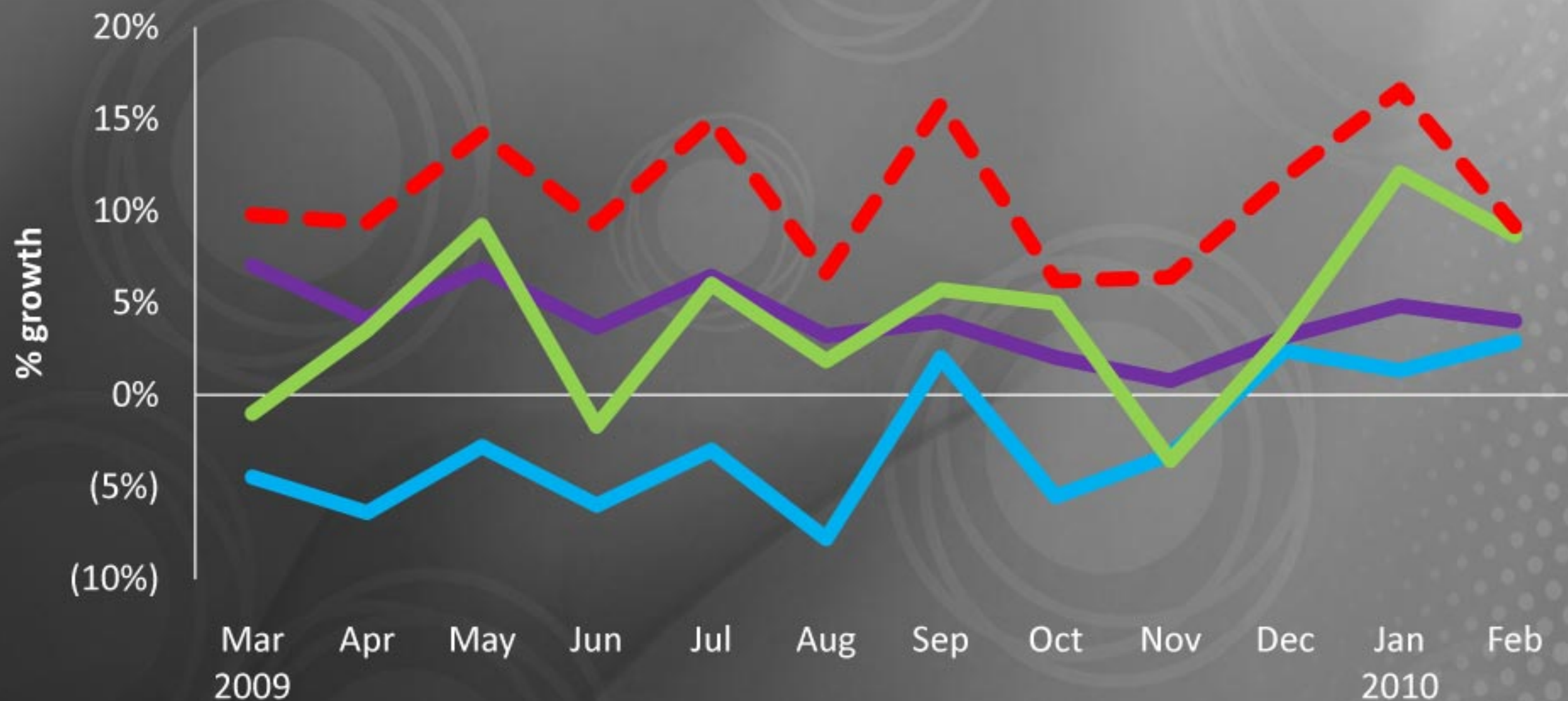
# South African Retail Sales Growth



- Retailers in household furniture, appliances and equipment
- Retailers in textiles, clothing, footwear and leather goods
- Total SA retail sales



# South African Retail Sales Growth



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- Retailers in textiles, clothing, footwear and leather goods
- Total SA retail sales
- Mr Price Group



# Highlights

- Continued growth in market share
- Cash sales maintained at 84%
- Healthy balance sheet and cash flows
- Improvement in operating margin
- Strong second half performance
- Unbundling of export partnerships
- 17,300 people employed





# 2010 Highlights

	2010	2009	Growth
Retail sales	<i>R9.5 bn</i>	<i>R8.6 bn</i>	10.0 %
Retail sales and other income	<i>R9.7 bn</i>	<i>R8.8 bn</i>	10.1 %
Comparable sales			8.2 %
Net weighted average trading space			4.5 %
RSP inflation			5.6 %
Profit from operating activities	<i>R992 m</i>	<i>R827 m</i>	19.9 %
Operating margin	<i>10.5 %</i>	<i>9.6 %</i>	





# Sales and Operating Profit Splits

	% Growth		
	1st half	2nd half	Full year
<b>Sales</b>			
Apparel	15.4 %	11.2 %	13.1 %
Home	0.9 %	5.3 %	3.3 %
<b>Total</b>	<b>10.8 %</b>	<b>9.4 %</b>	<b>10.0 %</b>
<b>Operating Profit</b>			
Apparel	19.1 %	17.8 %	18.3 %
Home	( 80.8 % )	60.3 %	21.5 %
<b>Total</b>	<b>14.0 %</b>	<b>23.2 %</b>	<b>19.9 %</b>





# Sales and Operating Profit Growth



**Retail sales**  
**Operating profit**

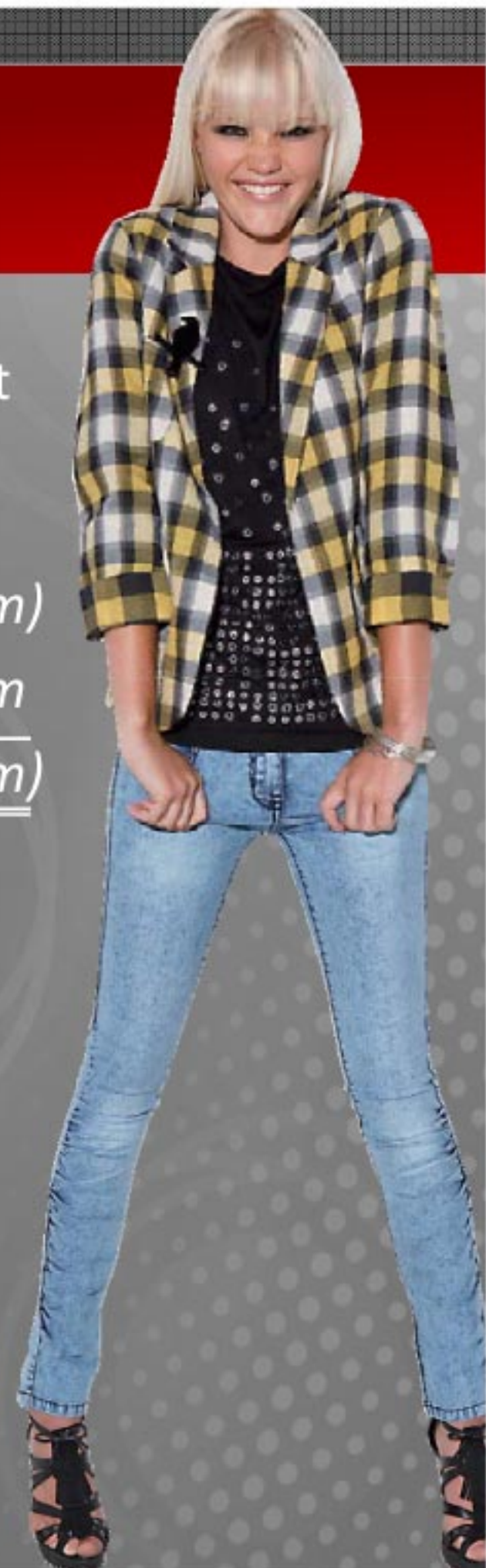
**5 year CAGR**  
16%  
20%

**24 year CAGR**  
22%  
23%



# Export Partnerships

- Elimination of non-retail activity in a favourable environment (interest, exchange and tax rates)
  - Remaining long term receivable and deferred tax balances collapsed (R59.0m)
  - Interest amortisation for the year R37.4m
  - Net income statement write-off (R21.6m)
- No future clawbacks in income statement
- Will have core HEPS for another year until write-off is out of the base
- Effective tax rate remains at 32.4% excluding above adjustments





# Earnings Per Share

	2010	2009	Growth
Headline earnings	276.9 c	251.9 c	9.9 %
Core headline earnings	285.7 c	236.1 c	21.0 %

Consensus fully diluted HEPS – 272.7c

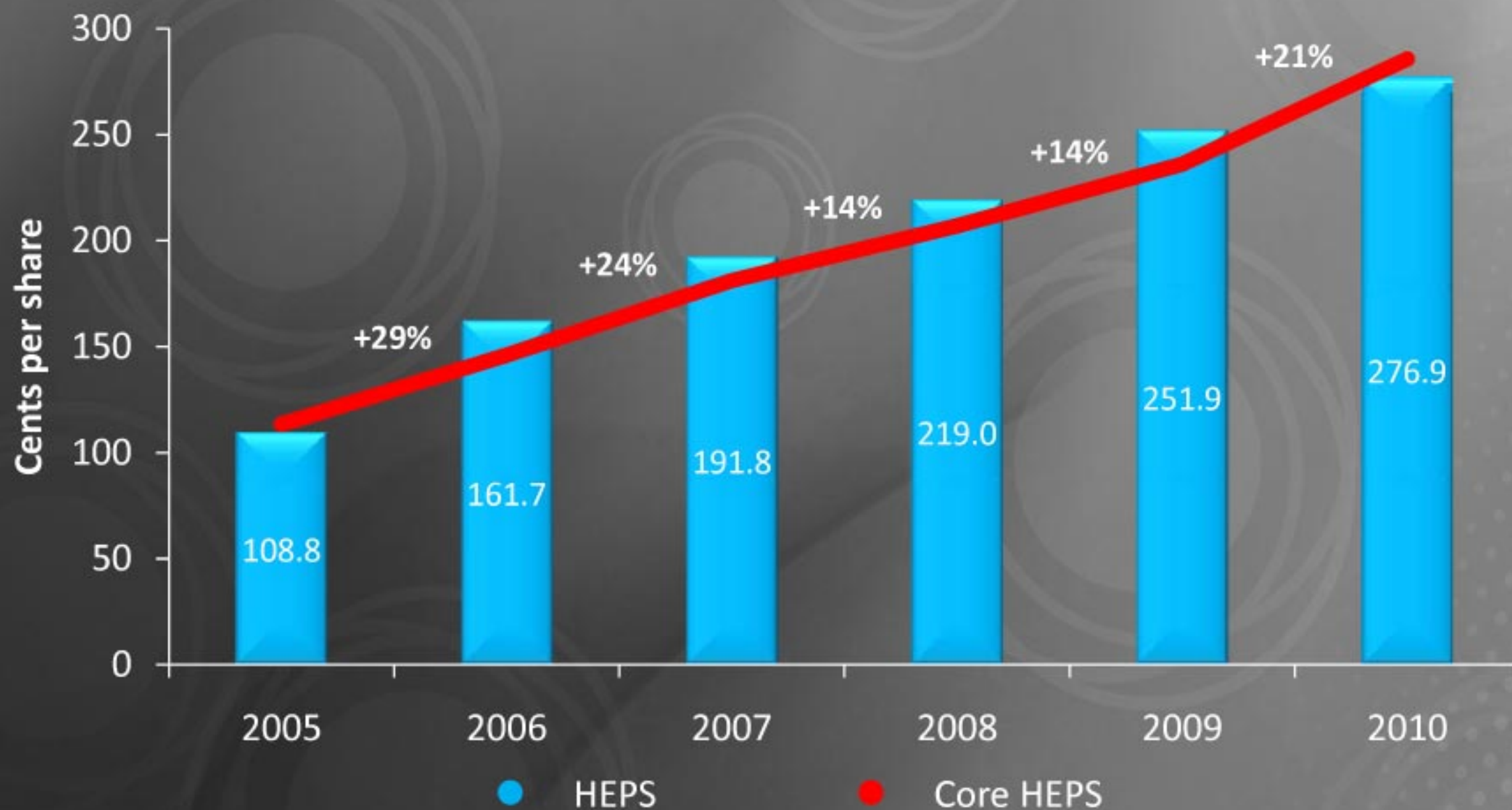
Actual fully diluted HEPS – 285.8c

- excluding export partnership impairment of R59m
- including interest amortisation of R37,5m





# Headline and Core Headline Earnings Per Share



**HEPS**  
**Core HEPS**

**5 year CAGR**

**21%**  
**19%**

**24 year CAGR**

**22%**  
**23%**



# Dividend Policy

## Extend our track record of growth

- Sales
  - Operating profit
  - Dividend
  - Capital expenditure of R1.7bn planned over next seven years
- 24 year CAGR** { 22%  
23%  
24%

## Cash generative business model

- Cash sales
  - Cash generated from operations
- 84%  
R1bn

## Strong unencumbered balance sheet

- Cash resources
  - Debtors book
- R1.2bn  
R789m

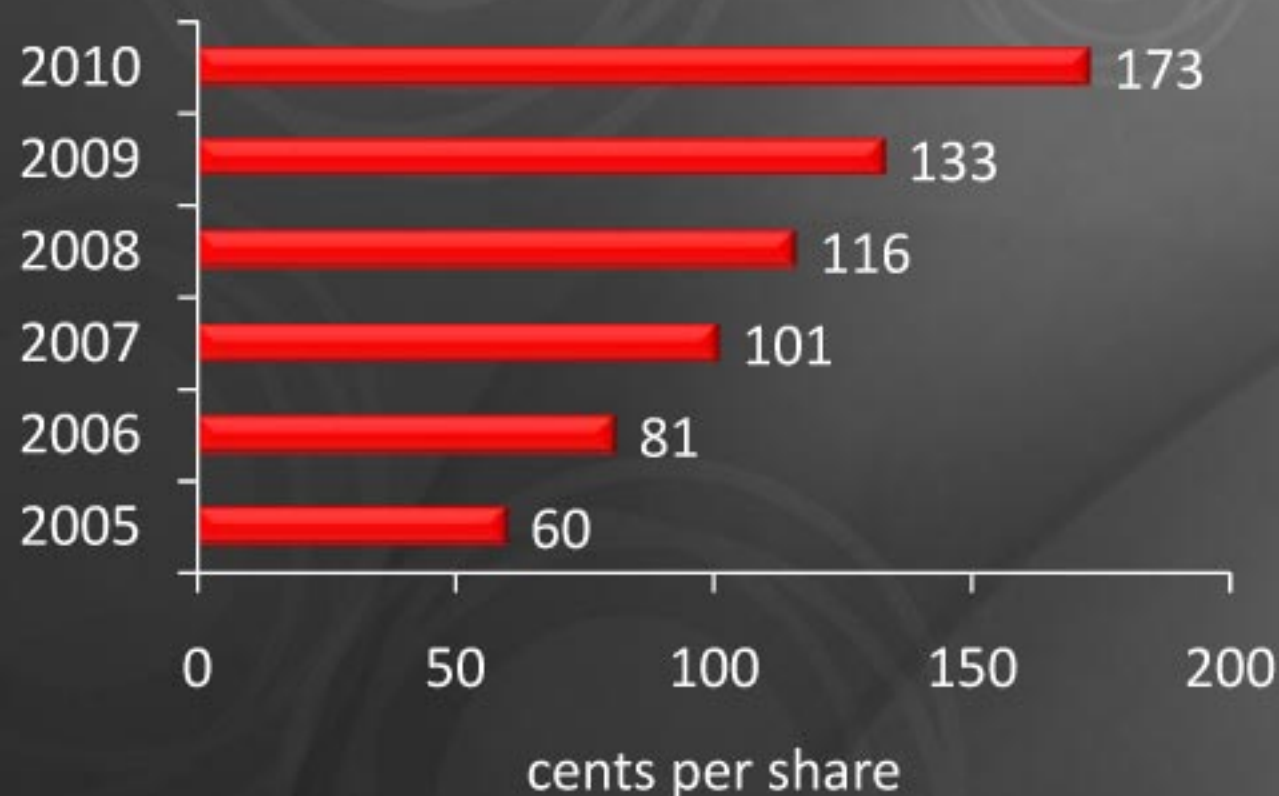




# Dividend Policy

Dividend cover reduced to 1.6

- Final dividend – 126.8c +37%
- Annual dividend – 173.0c +30%



● DPS



**DPS**

**5 year CAGR**  
24%

**24 year CAGR**  
24%





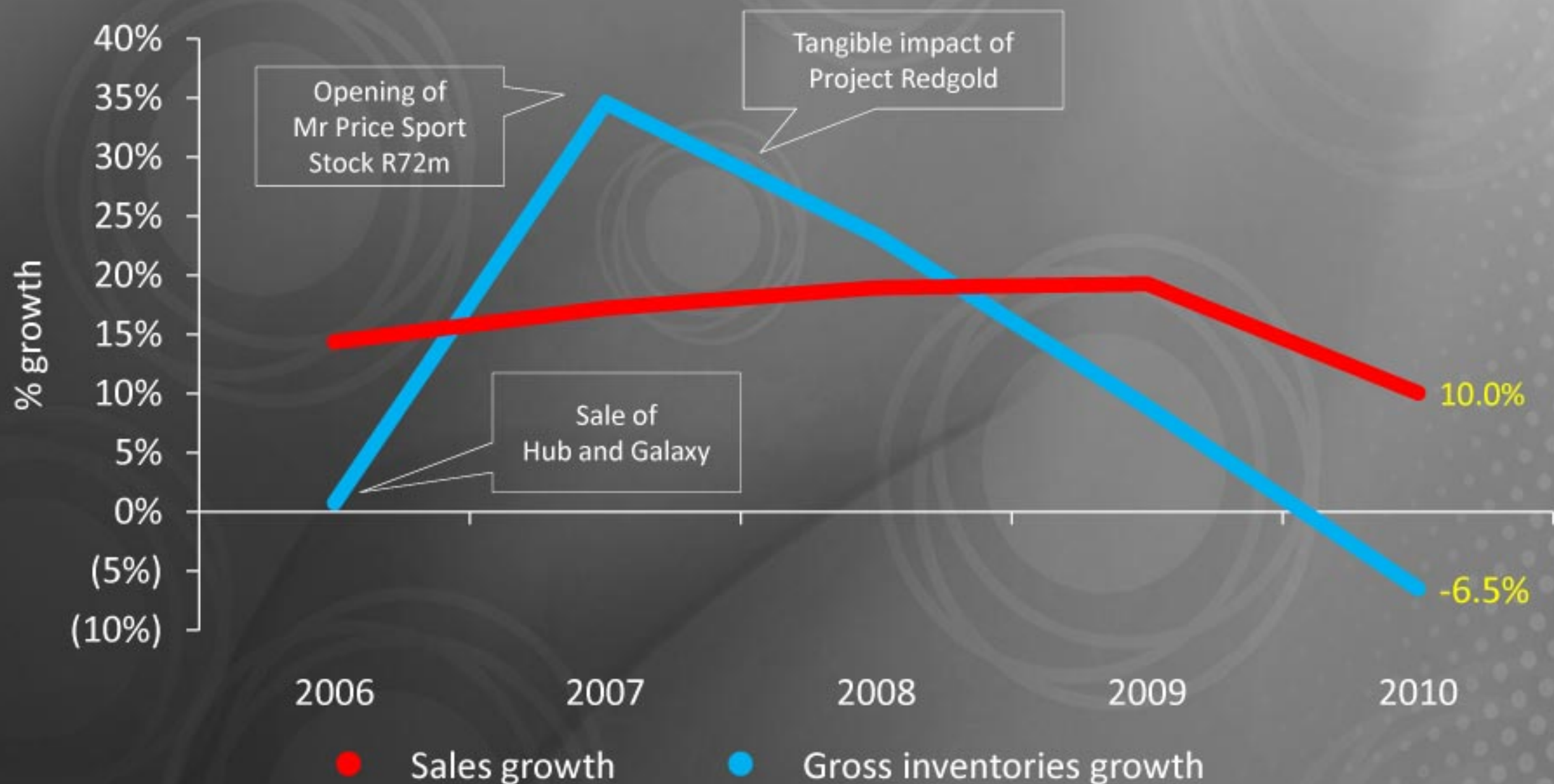
# Capital Expenditure



**Restrained capex in a recessionary environment**



# Inventory



**Stock turn improved from 5.5 to 5.9 times**



# Trade Receivables

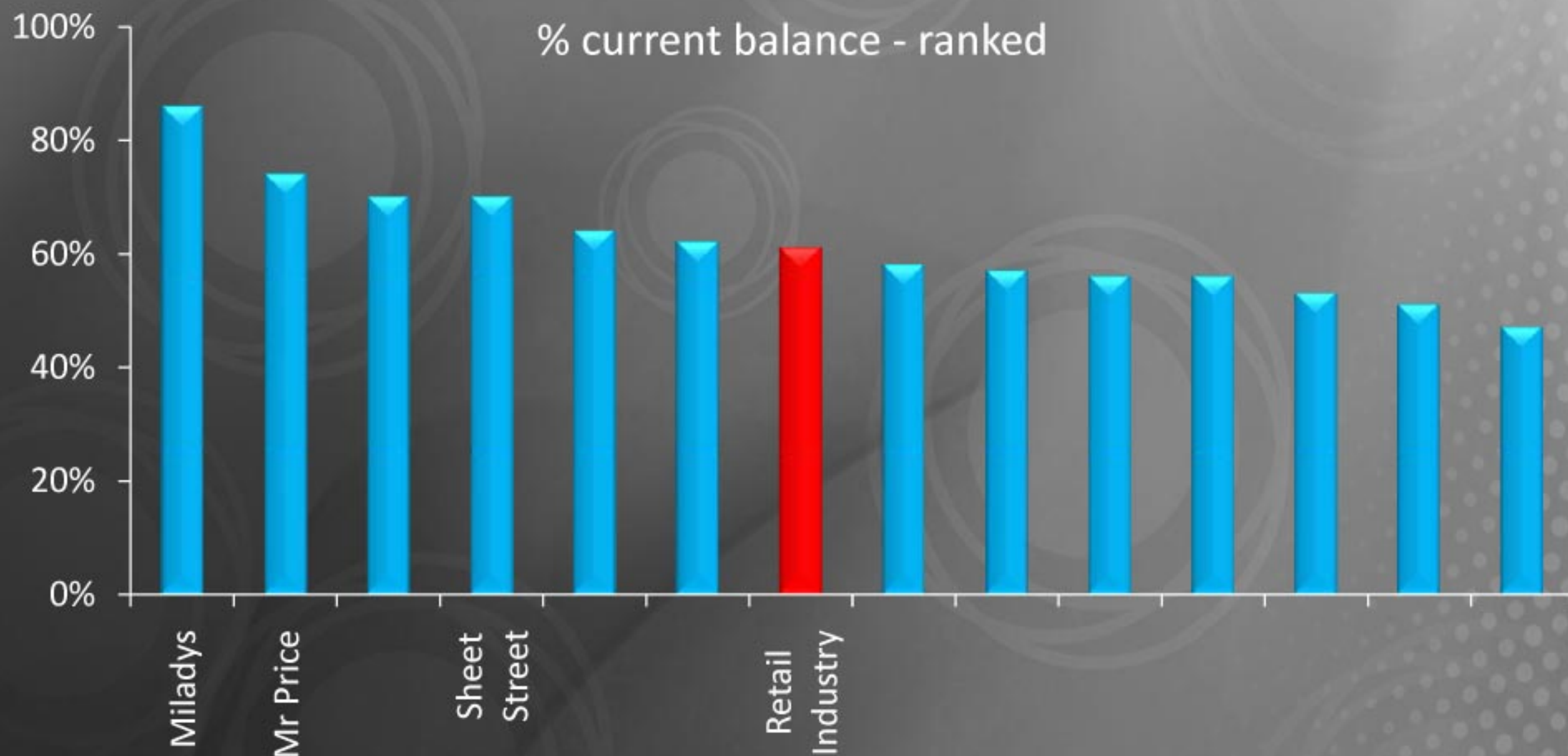
	2010	2009	Growth
Gross trade receivables	R789m	R669m	17.9%
Total number of active accounts	903 k	817 k	10.5%
Net bad debts as % credit sales *	3.7%	3.2%	
Net bad debts as % debtors *	7.0%	6.6%	
Impairment provision (% of debtors)	9.1%	9.8%	
Markov chain analysis	5.5%	6.8%	
Additional risk factors	3.6%	3.0%	

\* Excludes collection costs, movement in provision





# Status of Debtors Book



**Independent benchmarking service – Mr Price Group has cleanest book and lowest credit limits in the industry**





# Divisional Performance



# Segmental Performance - Apparel

	2010	2009	Growth
Retail sales	<i>R6.7 bn</i>	<i>R5.9 bn</i>	13.1 %
Retail sales and other income	<i>R6.9 bn</i>	<i>R6.1 bn</i>	13.1 %
Comparable sales			9.6 %
Unit sales			8.9 %
RSP inflation			3.9 %
Weighted average space growth			6.5 %
Trading density	<i>R21 369m<sup>-2</sup></i>	<i>R20 121m<sup>-2</sup></i>	6.2 %
Operating margin	14.6 %	14.0 %	
Number of stores	588	572	



**Apparel constitutes 71% of group sales**





# Mr Price

	2010	2009	Growth
Retail sales	<i>R5.2 bn</i>	<i>R4.5 bn</i>	15.9%
Comparable sales			13.4%
Unit sales			10.7%
RSP inflation			4.8%
Weighted average space growth			6.0%
Trading density	<i>R26 414m<sup>-2</sup></i>	<i>R24 119m<sup>-2</sup></i>	9.5%
Number of stores	<b>338</b>	326	





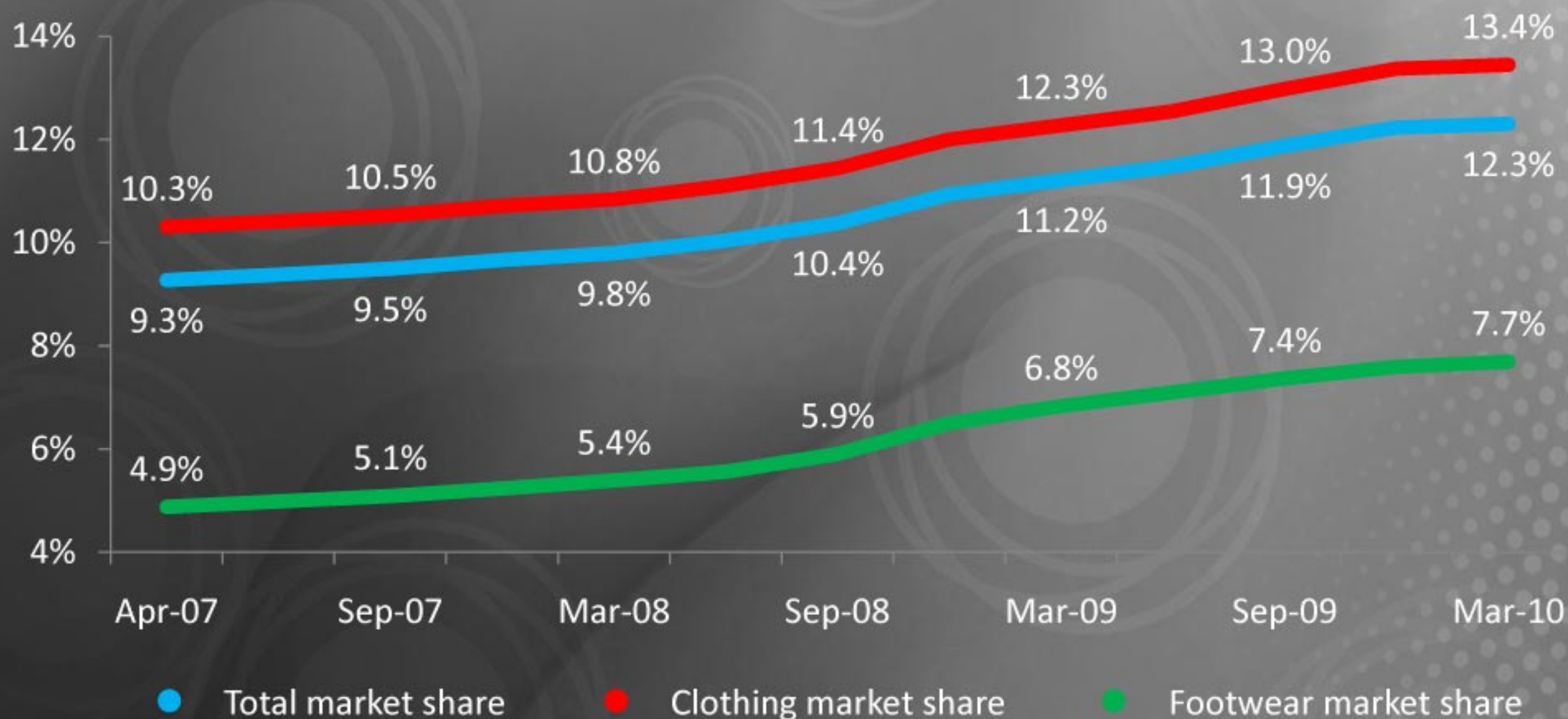
# Highlights

- Number of shoppers as measured by AMPS increased by 30%, with increase in AMPS universe of 3%
- Voted most loved and most frequented apparel retail brand by our target market for third consecutive year
- In excess of 100 million units sold
- Per RLC, Mr Price has gained market share for 48 consecutive months





# Market Share (RLC) – Mr Price





# Sales Growth vs RLC Sales Growth





# Mr Price Sport

	2010	2009	Growth
Retail sales	<b>R437 m</b>	<b>R367 m</b>	<b>19.1%</b>
Comparable sales			<b>9.8%</b>
Unit sales			<b>4.5%</b>
RSP inflation			<b>13.6%</b>
Weighted average space growth			<b>8.4%</b>
Trading density	<b>R10 382m<sup>-2</sup></b>	<b>R9 449m<sup>-2</sup></b>	<b>9.9%</b>
Number of stores	<b>36</b>	<b>31</b>	





# Highlights

- Independent research:
  - with regard to sportswear, Mr Price Sport ranks first in respect of spontaneous awareness
  - division is the best loved brand for both sports and outdoor gear
- Higher gross margin as a result of improved merchandise performance and lower markdowns
- Profitable in second half of the year. Budgeted profit for 2011 financial year
- Inventory finished 11% lower than last year despite five stores being opened
- Currently testing smaller format stores





# Miladys

	2010	2009	Growth
Retail Sales	<b>R1.0 bn</b>	<i>R1.0 bn</i>	( 1.3% )
Comparable sales			( 6.1% )
Unit sales			( 6.3% )
RSP inflation			5.6%
Weighted average space growth			7.1%
Trading density	<b>R14 158m<sup>-2</sup></b>	<i>R15 361m<sup>-2</sup></i>	( 7.8% )
Number of stores	<b>214</b>	215	





# Highlights

- Sales growth in second half of year was 3.0% vs. -5.9% in first half
- Winner of Ask Afrika Orange Index Award for best service for second consecutive year
- Successful test of cosmetics in 16 stores – further rollout underway
- Expect higher gross profit percentage going forward, driven by improved markdown performance





# Segmental Performance - Home

	2010	2009	Growth
Retail sales	<i>R2.7 bn</i>	<i>R2.7 bn</i>	3.3 %
Retail sales and other income	<i>R2.8 bn</i>	<i>R2.7 bn</i>	3.3 %
Comparable sales			4.9 %
Unit sales			( 3.5 %)
RSP inflation			9.1 %
Weighted average space growth			1.3 %
Trading density	<i>R13 909m<sup>2</sup></i>	<i>R13 391m<sup>2</sup></i>	3.9 %
Operating margin	<i>3.7 %</i>	<i>3.1 %</i>	
Number of stores	<i>374</i>	<i>382</i>	

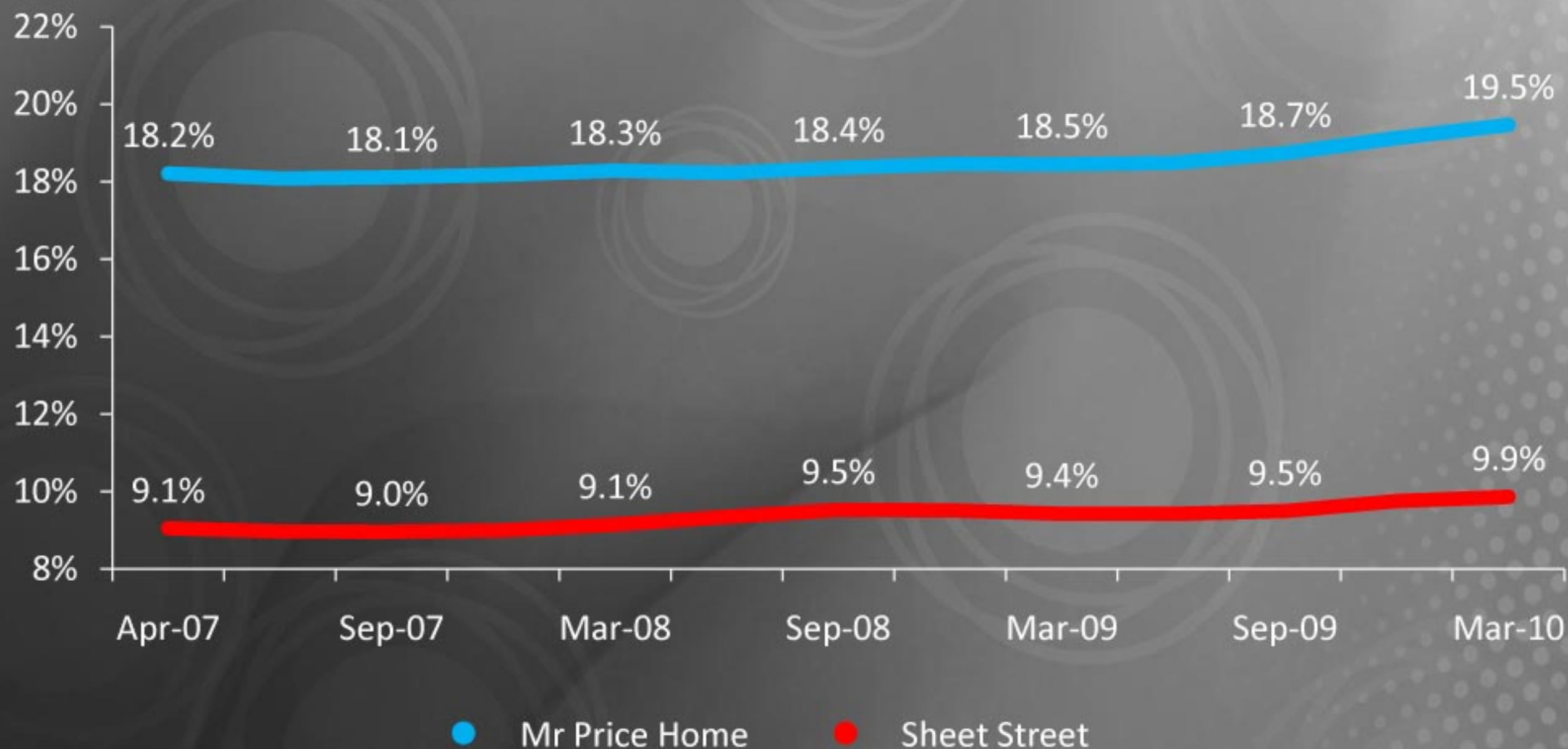


**Both chains continued to gain market share in challenging trading conditions**





## Market Share - Mr Price Home and Sheet Street





## Market Share - Mr Price Home and Sheet Street





# Mr Price Home

	2010	2009	Growth
Retail sales	<b>R1.9 bn</b>	<b>R1.8 bn</b>	2.6 %
Comparable sales			6.1 %
Unit sales			( 1.6 % )
RSP inflation			7.1 %
Weighted average space growth			0.4 %
Trading density	<b>R12 925 m<sup>-2</sup></b>	<b>R12 339 m<sup>-2</sup></b>	4.7 %
Number of stores	<b>136</b>	<b>138</b>	





# Highlights

- Per AMPS number of shoppers increased by 9% compared to AMPS universe increase of 3%
- Independent Bateleur Khanya research – the division is the most loved and most frequented homewares retailer in RSA
- Mr Price Home named “Top Homeware Retailer” for second consecutive year per Sunday Times
- Drive to execute and communicate our fashion-value offer resulted in significant market share gains in the second half
- Focused inventory management – year end levels 26% lower than previous year





# Sheet Street

	2010	2009	Growth
Retail sales	R846 m	R807 m	4.9 %
Comparable sales			2.3 %
Unit sales			( 7.5 %)
RSP inflation			13.5 %
Weighted average space growth			4.1 %
Trading density	R16 715 m <sup>-2</sup>	R16 502 m <sup>-2</sup>	1.3 %
Number of stores	238	244	

**sheet street**

lots of linen for less!





# Highlights

- Improvement in comparable sales in second half of year to 4.6% (vs. first half of -0.5%)
- Improvement in merchandise planning through Project Redgold resulted in stock levels 28% lower than last year
- Independent Bateleur Khanya research – the division is the second most loved and second most frequented homewares retailer in RSA



**sheet street**

lots of linen for less!



# Mr Price International

	Mr Price	Mr Price Home	Sheet Street
Ghana	1		
Kenya	3	3	1
Malawi	2		
Mauritius	2	1	
Mozambique	2	1	
Tanzania	1	1	
Uganda	1		
Zambia	2	3	
Saudi Arabia		3	
	14	12	1



**10 new stores opened**  
**Total now 27**





# Prospects - Economy

- Uplift in consumer confidence per BER – single biggest increase between two consecutive quarters in five years
- Index is now at a slightly higher level than it was two years ago, prior to plunging
- Indicates willingness to spend, but this must translate into actual spend
- Economy and personal finances remain under pressure - sales increasingly concentrated around pay-day
- Potential negative impacts: Fuel, electricity, rates, wage increases without corresponding productivity increases
- Increase in credit availability should benefit sales, but may impact debtors' collections





# Prospects

**Mr Price cautiously optimistic given:**

- performance achieved in the second half through initiatives undertaken earlier in the year
- the recovery prospects of the divisions hardest hit by the recession





# Focus Going Forward

- Identifying good trading space opportunities
- Further improving trading densities
- Accelerating recovery of divisions not performing at optimal level
- Continue to capitalise on strong market share growth in the apparel division
- Development of a robust international model to accelerate growth
- Considering new business concepts and identifying potential acquisitions



**Our aim is to be the top performing retailer in Africa**







# Thank You

*Please press enter for a summary of divisional statistics*



**Divisional Performance Indicators**

	Mr Price	Miladys	Mr Price Sport	Apparel	Mr Price Home	Sheet Street	Home	Total
<b>Retail sales (R'm) - incl. International</b>								
March 2010	5,246	1,028	437	6,711	1,897	846	2,743	9,454
March 2009	4,527	1,041	367	5,935	1,849	807	2,656	8,591
% change	15.9	(1.3)	19.1	13.1	2.6	4.9	3.3	10.0
<b>Retail sales (R'm) - excl. International</b>								
March 2010	5,162	1,028	437	6,627	1,862	844	2,706	9,333
March 2009	4,448	1,041	367	5,856	1,771	801	2,572	8,428
% change	16.0	(1.3)	19.1	13.1	5.1	5.4	5.2	10.7
<b>Comparable sales growth (%)</b>								
March 2010	13.4	-6.1	9.8	9.6	6.1	2.3	4.9	8.2
March 2009	20.3	4.0	-4.2	16.2	2.5	0.9	2.0	11.4
% change								
<b>Retail selling price inflation (%)</b>								
March 2010	4.8	5.6	13.6	3.9	7.1	13.5	9.1	5.6
March 2009	6.0	1.1	-4.0	4.0	4.6	9.7	6.3	5.0
% change								
<b>Number of stores (year end)</b>								
March 2010	338	214	36	588	136	238	374	962
March 2009	326	215	31	572	138	244	382	954
% change								
<b>Trading area - weighted average net m2</b>								
March 2010	195,423	72,583	42,090	310,096	144,091	50,520	194,611	504,707
March 2009	184,432	67,779	38,846	291,057	143,551	48,533	192,084	483,141
% change	6.0	7.1	8.4	6.5	0.4	4.1	1.3	4.5
<b>Trading area - year end net m2</b>								
March 2010	201,581	72,717	44,906	319,204	143,881	50,262	194,143	513,347
March 2009	189,850	71,287	40,867	302,004	146,087	50,794	196,880	498,884
% change	6.2	2.0	9.9	5.7	(1.5)	(1.0)	(1.4)	2.9
<b>Sales densities (Rand per weighted average net m2)</b>								
March 2010	26,414	14,158	10,382	21,369	12,925	16,715	13,909	18,492
March 2009	24,119	15,361	9,449	20,121	12,339	16,502	13,391	17,445
% change	9.5	(7.8)	9.9	6.2	4.7	1.3	3.9	6.0
<b>Number of full-time associates*</b>								
March 2010	4,370	1,371	515	6,256	2,175	1,099	3,274	9,530
March 2009	4,123	1,422	489	6,034	2,303	1,133	3,436	9,470
% change	6.0	(3.6)	5.3	3.7	(5.6)	(3.0)	(4.7)	0.6
<b>Units (000's)</b>								
March 2010	102,044	8,932	6,029	117,005	34,177	15,635	49,812	166,817
March 2009	92,152	9,535	5,767	107,454	34,721	16,902	51,623	159,077
% change	10.7	(6.3)	4.5	8.9	(1.6)	(7.5)	(3.5)	4.9

\* Excludes central services